

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 706 – SB 779

April 18, 2017

SUMMARY OF ORIGINAL BILL: Creates a two-year pilot tuition assistance program from state lottery funds for eligible students at Fairview High School to take courses leading to an associate's degree in Applied Science of Advanced Integrated Industrial Technology at Columbia State Community College. Limits the number of award offers to 80 students per year and establishes that no more than \$300,000 will be expended to fund the pilot program. Authorizes the Comptroller of the Treasury, Office of Research and Education Accountability (OREA), with the assistance of the Department of Education (DOE) and the Higher Education Commission, to study the pilot and determine the effectiveness of the program in closing the high tech skills gap and increasing the number of students obtaining postsecondary degrees and issue a report to the committees and chairs of the House and Senate Education Committees. Authorizes OREA to continue the pilot if OREA determines more study is needed.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$150,000/FY17-18/Lottery for Education Account
\$150,000/FY18-19/Lottery for Education Account

Other Fiscal Impact – Funding in an amount of \$150,000 in FY17-18 and \$150,000 in FY18-19 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account as a result of the proposed pilot project.

SUMMARY OF AMENDMENT (006853): Deletes and adds language to the bill such that the only substantive changes are: (1) to add an additional high school that can participate in the pilot program; (2) to establish that no more than 160 students will be awarded the two-year assistance in each year of the pilot program; and (3) to remove the maximum funding provision.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$120,000/FY17-18/Lottery for Education Account
\$330,000/FY18-19/Lottery for Education Account

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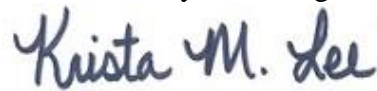
Other Fiscal Impact – Funding in an amount of \$120,000 in FY17-18 and \$330,000 in FY18-19 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account as a result of the proposed pilot project.

Assumptions for the bill as amended:

- Based on the information provided by the Tennessee Student Assistance Corporation (TSAC), the annual award for the pilot program is \$2,000 for juniors and \$3,500 for seniors who have exhausted all other sources of funding in each year of the program.
- Based on the information provided by TSAC, it is estimated that 60 high school juniors would be eligible to receive the two-year assistance in FY17-18.
- The increase in state expenditures in FY17-18 from the Lottery for Education Account (LFEA) is estimated to be \$120,000 (60 juniors x \$2,000).
- Based on the information provided by TSAC, it is estimated that 60 juniors and 60 seniors would be eligible to receive assistance in FY18-19.
- The increase in state expenditures in FY18-19 from the LFEA is estimated to \$330,000 [(60 juniors x \$2,000 award) + (60 seniors x \$3,500 award)]
- Any increase in state expenditures for OREA to review and study the tuition assistance program and make the required report is estimated to be not significant.
- It is assumed that the pilot program will not be extended for an additional two years pursuant to OREA's findings and that no additional state expenditures from the LFEA will be made.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp